



Iowa Department of Human Services

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INFORMATIONAL LETTER NO. 1039

DATE: July 29, 2011

TO: Iowa Medicaid Home and Community Based Services (HCBS) Waiver Providers of Home and Vehicle Modifications, Assistive Devices, Specialized Medical Equipment, Environmental Modifications and Adaptive Devices

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise (IME)

RE: HCBS Change in Payment Methodology

EFFECTIVE: September 1, 2011

Effective September 1, 2011, Iowa Medicaid will change the payment methodology of the following waiver services to align with the Medicaid payments made for durable medical equipment (DME) under the Iowa Medicaid state plan:

- Home and Vehicle Modifications (under the ill and handicapped, elderly, intellectual disability, brain injury and physical disability waivers)** ++
- Assistive Devices (elderly waiver)**
- Specialized Medical Equipment (brain injury)
- Environmental Modifications and Adaptive Devices (children's mental health waiver)

This change will simplify the payment authorization process and offer consistency across programs for reimbursement of equipment and services that had previously differed between waiver and traditional state plan services.

The basis of payment for most items will be a fee schedule as follows:

1. Payment for services and items that are furnished under Part B of Medicare will be lowest charge allowed under Medicare.
2. Payment for services and items that are furnished only under Medicaid will be the lowest charge determined by the department according to the Medicare reimbursement method described in section 1834(a) of the Social Security Act (42 U.S.C. 1395m), Payment for Durable Medical Equipment.
3. Payment for supplies with no established Medicare fee will be the average wholesale pricing less 10 percent.
4. Payment for items with no established Medicaid fee, Medicare fee, or average wholesale price will be the manufacturer's suggested retail price less 15 percent.
5. Payments for items with no average wholesale price, Medicare or Medicaid fee, or manufacturer's suggested retail price will be at the dealer cost on the invoice plus 10 percent. The actual invoice from the manufacturer for the item provided must be

submitted with the claim. Catalog pages or print outs supplied by the provider are not considered invoices.

6. Payment for used equipment shall not exceed 80 percent of the purchase allowance.
7. No allowance shall be made for delivery, freight, postage, or other provider operating expenses for durable medical equipment, prosthetic devices or sickroom supplies.

****IME Prior Authorization (PA) Required:** Home and Vehicle Modifications, Specialized Medical Equipment, Assistive Devices, and Environmental Adaptations require prior authorization through the IME before the service is provided. Providers should follow the process described in Informational Letter 951 found at: (<http://www.ime.state.ia.us/Providers/Bulletins.html>). This replaces the case manager or service worker review that was done previously. Questions on the PA process can be directed to the IME Medical Service Unit at 1-800-383-1173, locally (in Des Moines area) 515-256-4623.

++Home and Vehicle Modification note: Payment for home and vehicle modifications will be at the amount provided in the approved contract with the provider. The service plan and the contract with the provider must be submitted to the IME for PA before the modification is initiated. All contracts will be awarded through competitive bidding; whenever possible, the member or enrolled provider shall present three itemized competitive bids for the modification for review. The amount payable will be based on the least expensive item that meets the member's medical needs.

If you have any questions please contact the IME Provider Services Unit at 1-800-338-7909, locally in Des Moines at 515-256-4609 or email at imeproviderservices@dhs.state.ia.us.